

# SENATE, No. 2234

## AN ACT RELATIVE TO THE CALCULATION OF RETIREE COLAS

*Be it enacted by the Senate and House of Representatives in General Court assembled,  
And by the authority of the same, as follows:*

1 SECTION 1. Section 22C of Chapter 32 of the General Laws, as appearing in the 2004 Official  
2 Edition, is amended by striking out in line 29 the number “23” and inserting in place thereof the  
3 following number:— 26.

4 SECTION 2. Section 22D of said Chapter 32, as appearing in the 2004 Official Edition, is  
5 amended by inserting in line 29 after the word “approve” the following words:—provided  
6 further, however, that in the event that a system has accepted the provisions of paragraph (j) of  
7 Section 103, the funding schedule, and any updates thereto, shall be designed to reduce the  
8 unfunded actuarial liability of said system to zero as of such year, that may be subsequent to  
9 June 30, 2028, as the commission shall approve.

10 SECTION 3. Paragraph (c) of Section 102 of said Chapter 32, as appearing in the 2004 Official  
11 Edition, is amended by striking out in lines 32, 36 and 43 the dollar amount “\$12,000” and  
12 inserting in place thereof the following dollar amount:—\$16,000.

13 SECTION 4. Section 103 of said Chapter 32 is amended by inserting the following new  
14 paragraph:—

15 (j) Notwithstanding the provisions of paragraph (a) to the contrary, the board of any system  
16 may, by accepting the provisions of this paragraph as hereinafter provided, elect to pay a cost-  
17 of-living  
18 adjustment on a base amount greater than \$12,000. Acceptance of this paragraph shall be by a  
19 majority vote of the board of such system, subject to the approval of the legislative body. For  
20 the purpose of this paragraph, “legislative body” shall mean, the city council in accordance with  
21 its charter, in the case of a town, the town meeting, in the case of a county or region, the county  
22 or regional retirement board advisory council, in the case of a district, the district members, and,  
23 in the case of an authority, the governing body. Acceptance of this paragraph shall be deemed to  
24 have occurred upon the filing of the certification of such vote with the commission. A decision  
25 to accept the provisions of this paragraph may not be revoked. Notwithstanding the provisions  
26 of subdivision (6A) of Section 22 or Section 22D to the contrary, for each system that has  
27 accepted the provisions of this paragraph, the board, in consultation with the commission, shall  
28 prepare a funding schedule which shall reflect the costs and the actuarial liabilities attributable  
29 to the cost of living allowance that may be paid in accordance with the provisions of this  
30 paragraph and said schedule shall be designed to reduce the applicable retirement system’s  
31 pension liability to zero by such year, that may be subsequent to June 30, 2028, as approved by  
32 the commission.

33 The board shall file revised funding schedules triennially with the joint committee on public  
34 service until such costs and liabilities are reduced to zero.

35 SECTION 5. The provisions of Sections one and three of this act shall take effect for cost of  
36 living adjustments to be made, in accordance with the provisions of Section 102 of said Chapter  
37 32, commencing July 1, 2007.

38 SECTION 6: Subdivision (3) of section 21 of Chapter 32 is hereby amended by striking out  
39 paragraph (f) and inserting in place thereof the following paragraph:  
40 (f) the preparation and filing with the general court, of a report, annually, in the month of  
41 January, on the computation of any increase in the United States Consumer Price Index and the  
42 percentage thereof in the previous year by the Commissioner of Social Security, including a  
43 statement that such increase in said Consumer Price Index during the last previous year requires  
44 a cost of living increase in the retirement allowances, pensions or annuities of eligible members,  
45 as defined in sections 102 and 103, equal to the percentage increase in the Consumer Price  
46 Index or 3 per cent, whichever is greater.

47 SECTION 7: Section 102 of Chapter 32 is hereby amended by striking out paragraph (a) and  
48 inserting in place thereof the following paragraph:

49 (a) The actuary in the commission shall annually in the month of January file with the clerk of  
50 the house of representatives the report prepared in accordance with paragraph (f) of subdivision  
51 (3) of section 21. The retirement allowance, pension or annuity of every member of the state  
52 employees' system and the teachers' retirement system who has received a retirement  
53 allowance, pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other  
54 beneficiary of such member who has received a retirement allowance, pension or annuity on  
55 June 30 of the prior fiscal year, shall be increased by the percentage as determined by the  
56 actuary's report; provided that notwithstanding the actuary's report the cost of living increase  
57 shall be at least three percent. The cost of living adjustment shall be applied each July 1. Said  
58 cost of living increase shall be funded from the investment income account of the state  
59 employees' and state teachers' systems. The sum of the dollar amount of each cost of living  
60 increase, together with the amount of retirement allowance, pension or annuity to which the cost

61 of living per cent factor is applied, shall become the fixed retirement allowance, pension or  
62 annuity for all future purposes, including the application of subsequent cost of living  
63 adjustments in future years.

64 SECTION 8. Section 102 is hereby amended by adding after paragraph (c) the following  
65 clauses:

66 (i) In any case as of June 30, 2008 but prior to June 30, 2012 where such former employee,  
67 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
68 which is sixty-five percent of the maximum social security benefit or more exclusive of  
69 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of  
70 section 22 or any similar law, the cost of living adjustment shall be in an amount determined by  
71 applying the per centum of change determined pursuant to paragraph (a) to the sum of sixty-five  
72 percent of the maximum social security benefit. Whenever a cost of living adjustment is granted  
73 pursuant to said paragraph (a), the dollar amount of such increase as determined in said  
74 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess  
75 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,  
76 together with the amount of retirement allowance, pension or annuity to which the cost of living  
77 per centum factor is applied and any amounts in excess of said sixty-five percent of the  
78 maximum social security benefit shall become the fixed retirement allowance, pension or  
79 annuity for all future purposes including the application of subsequent cost of living adjustments  
80 in future years; provided, however, that the limitations of this paragraph shall continue to apply.

81 (ii) In any case as of June 30, 2012 but prior to June 30, 2016 where such former employee,  
82 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
83 which is seventy-five percent of the maximum social security benefit or more exclusive of

84 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of  
85 section 22 or any similar law, the cost of living adjustment shall be in an amount determined by  
86 applying the per centum of change determined pursuant to paragraph (a) to the sum of seventy-  
87 five percent of the maximum social security benefit. Whenever a cost of living adjustment is  
88 granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said  
89 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess  
90 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,  
91 together with the amount of retirement allowance, pension or annuity to which the cost of living  
92 per centum factor is applied and any amounts in excess of said seventy-five percent of the  
93 maximum social security benefit shall become the fixed retirement allowance, pension or  
94 annuity for all future purposes including the application of subsequent cost of living adjustments  
95 in future years; provided, however, that the limitations of this paragraph shall continue to apply.

96 (iii) In any case as of June 30, 2016 but prior to June 30, 2020 where such former employee,  
97 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
98 which is eighty-five percent of the maximum social security benefit or more exclusive of  
99 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of  
100 section 22 or any similar law, the cost of living adjustment shall be in an amount determined by  
101 applying the per centum of change determined pursuant to paragraph (a) to the sum of eighty-  
102 five percent of the maximum social security benefit. Whenever a cost of living adjustment is  
103 granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said  
104 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess  
105 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,  
106 together with the amount of retirement allowance, pension or annuity to which the cost of living

107 per centum factor is applied and any amounts in excess of said eighty-five percent of the  
108 maximum social security benefit shall become the fixed retirement allowance, pension or  
109 annuity for all future purposes including the application of subsequent cost of living adjustments  
110 in future years; provided, however, that the limitations of this paragraph shall continue to apply.

111 (iv) In any case as of June 30, 2020 but prior to June 30, 2024 where such former employee,  
112 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
113 which is ninety-five percent of the maximum social security benefit or more exclusive of  
114 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of  
115 section 22 or any similar law, the cost of living adjustment shall be in an amount determined by  
116 applying the per centum of change determined pursuant to paragraph (a) to the sum of ninety-  
117 five percent of the maximum social security benefit. Whenever a cost of living adjustment is  
118 granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said  
119 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess  
120 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,  
121 together with the amount of retirement allowance, pension or annuity to which the cost of living  
122 per centum factor is applied and any amounts in excess of said ninety-five percent of the  
123 maximum social security benefit shall become the fixed retirement allowance, pension or  
124 annuity for all future purposes including the application of subsequent cost of living adjustments  
125 in future years; provided, however, that the limitations of this paragraph shall continue to apply.

126 (v) In any case as of June 30, 2024 where such former employee, spouse, or other beneficiary is  
127 receiving an annual retirement allowance, pension or annuity which is one hundred percent of  
128 the maximum social security benefit or more exclusive of additional annuity obtained by special  
129 purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of

130 living adjustment shall be in an amount determined by applying the per centum of change  
131 determined pursuant to paragraph (a) to the sum of one hundred percent of the maximum social  
132 security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a),  
133 the dollar amount of such increase as determined in said paragraph (a) shall be added to each  
134 retirement allowance, pension or annuity which is in excess of said maximum base amount. The  
135 sum of the dollar amount of such cost of living adjustments, together with the amount of  
136 retirement allowance, pension or annuity to which the cost of living per centum factor is applied  
137 and any amounts in excess of said one hundred percent of the maximum social security benefit  
138 shall become the fixed retirement allowance, pension or annuity for all future purposes  
139 including the application of subsequent cost of living adjustments in future years; provided,  
140 however, that the limitations of this paragraph shall continue to apply.